

1301 K Street N.W.  
Suite 600, East Tower  
Washington, D.C. 20005  
202.408.6400  
202.408.6399 fax  
www.sonnenschein.com

Chicago  
Kansas City  
Los Angeles  
New York  
San Francisco  
St. Louis  
Washington, D.C.

L. John Osborn  
(202) 408-6351  
ljo@sonnenschein.com

October 23, 2000

By Hand

Hon. Vernon A. Williams, Secretary  
Surface Transportation Board  
1925 K Street, N.W., Room 714  
Washington, D.C. 20423-0001

RECORDATION NO. 22706-B FILED  
OCT 24 '00 8-04 AM  
TS  
SURFACE TRANSPORTATION BOARD

Dear Secretary Williams:

Enclosed for recordation, pursuant to the provisions of 49 U.S.C. §11301(a) and 49 C.F.R. Part 1177, are two (2) originals of a Partial Release of Security Agreement, dated as of October 17, 2000, which should be recorded as a *secondary* document under STB Recordation No. 22706 (the next number is No. 22706-\_\_).

The names of the parties to the enclosed (and certain related) documents are:

Borrower/Grantors:	Kansas City Southern Industries, Inc. The Kansas City Southern Railway Company ("Borrower") Gateway Eastern Railway Company Gateway Western Railway Company
Lender/Collateral Agent:	The Chase Manhattan Bank, as Collateral Agent for certain Lenders under a Credit Agreement, dated as of January 11, 2000, with Kansas City Southern Industries, Inc. and The Kansas City Southern Railway Company

We request that the enclosed secondary document be indexed under *each* of the above-listed names.

A description of the railroad equipment covered by the enclosed document is as follows:

Sixty-five (65) 100-ton open top hopper railcars with ballast gates  
AAR Car Type H340  
Reporting Marks and Numbers: KCS 211203-211267

Simonschein

Hon. Vernon A. Williams, Secretary

October 23, 2000

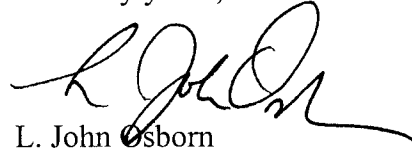
Page 2

A brief description of the enclosed document is as follows:

Full and final release, as to only the railroad equipment described above, of the security interest created under the Security Agreement.

Also enclosed is a check in the amount of \$26.00, payable to the order of the Surface Transportation Board, which covers the required recordation fee. Kindly return one stamped copy of the enclosed document to the undersigned.

Sincerely yours,

A handwritten signature in black ink, appearing to read "L. John Osborn", with a stylized, cursive script.

L. John Osborn

Enclosures

PARTIAL RELEASE  
OF  
SECURITY AGREEMENT

RECORDATION NO. 22706-B FILED  
OCT 24 '00 8-04 AM  
SURFACE TRANSPORTATION BOARD

This Partial Release of Security Agreement ("Release"), dated as of October 17, 2000, is made by THE CHASE MANHATTAN BANK, ("Chase"), as collateral agent (in such capacity, the "Collateral Agent") for the Secured Parties (as defined in the Credit Agreement referred to below), on behalf of KANSAS CITY SOUTHERN INDUSTRIES, INC., a Delaware corporation ("Holdings"), THE KANSAS CITY SOUTHERN RAILWAY COMPANY, a Missouri corporation (the "Borrower"), GATEWAY EASTERN RAILWAY COMPANY, an Illinois corporation ("Grantor"), GATEWAY WESTERN RAILWAY COMPANY, an Illinois corporation ("Grantor") (said Grantors collectively, together with each other Subsidiary of Holdings listed on Schedule 1 to the Security Agreement referred to below or subsequently becoming a party to such agreement, the "Subsidiary Grantors"; Holdings, the Borrower and the Subsidiary Grantors being referred to collectively as the "Grantors").

WHEREAS, the Grantors and the Collateral Agent have entered into a certain Security Agreement, dated as of January 11, 2000 (the "Security Agreement"), which is related to (a) the Credit Agreement dated as of January 11, 2000 (as amended, supplemented or otherwise modified from time to time, the "Credit Agreement"), among Holdings, the Borrower, the lenders from time to time party thereto (the "Lenders") and Chase, as administrative agent (in such capacity, the "Administrative Agent"), collateral agent (in such capacity, the "Collateral Agent") and issuing bank (in such capacity, the "Issuing Bank"), and (b) the Guarantee Agreement and the other Loan Documents referred to in the Credit Agreement. (Unless the context otherwise requires, all capitalized terms used but not otherwise defined herein shall have the meanings set forth in the Security Agreement or in the Credit Agreement.); and

WHEREAS, under the Security Agreement, each Grantor mortgages and pledges to the Collateral Agent, its successors and assigns, for the ratable benefit of the Secured Parties, and grants to the Collateral Agent, its successors and assigns, for the ratable benefit of the Secured Parties, a security interest (the "Security Interest") in, all such Grantor's right, title and interest in, to and under the Collateral; and

WHEREAS, the Borrower, in a transaction that is not prohibited by the Credit Agreement, desires to sell certain railroad cars that are part of the Collateral, and the Collateral Agent, pursuant to Section 9.14 of the Credit Agreement, desires to grant a release from the Security Interest as to such railroad cars.

NOW, THEREFORE, in consideration of the foregoing, the Collateral Agent does hereby forever and absolutely remise, convey and release all of its right, title and interest in, to and under the following property:


Sixty-Five (65) 100-ton open top hopper railcars with ballast gates.

AAR Car Type H340.

Reporting Marks & Numbers: KCS 211203-211267

IN WITNESS WHEREOF, each of the undersigned pursuant to due corporate authority has caused this Partial Release of Security Agreement to be executed in its respective corporate name by an officer duly authorized, and hereby declares pursuant to 28 U.S.C. § 1746 under penalty of perjury that this is a true and correct document and was executed as of the date herein first set forth above.

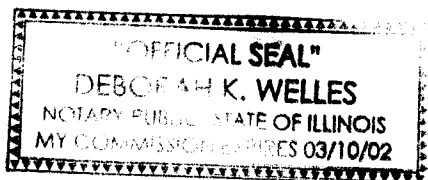
THE CHASE MANHATTAN BANK

By:   
Name: ROBERT KRASNOW  
Title: VP

CORPORATE FORM OF ACKNOWLEDGMENT

State of Illinois )  
County of Cook ) SS:

On this 17<sup>th</sup> day of October, 2000, before me personally appeared Robert Krasnow to me personally known, who being by me duly sworn, says that he/she is the Vice President of THE CHASE MANHATTAN BANK, that the seal affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on behalf of said corporation, and he/she acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.



Deborah K. Welles  
Signature of Notary Public

My commission expires 3/10/02

Seal